

## **Part D: Trends in drug prices through 2008 and formulary designs for 2010**

**ISSUE:** In the Part D program, private plans deliver Medicare’s prescription drug benefit. In order to attract enrollees, plan sponsors try to strike a balance between offering beneficiaries coverage of the drugs they need while controlling growth in drug spending so that premiums will be competitive. Sponsors do this several ways such as by the structures of their formularies (the list of drugs they cover and the terms under which they are covered) and by negotiating payment rates with pharmacies and drug rebates with pharmaceutical manufacturers.

**KEY POINTS:** In this session we present two pieces of information about the Part D program. First, we will present the results of Commission-sponsored analysis of estimated price changes for Part D drugs at the pharmacy counter between 2006 and 2008. Second, Jack Hoadley of Georgetown University and Elizabeth Hargrave of NORC will present preliminary findings from their analysis of formularies that Part D plan sponsors will use in 2010.

**ACTION:** Commissioners should provide comments on the scope and substance of this analysis.

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